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NSC BRIEFING

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COMMENT ON MOLOTOV'S
STATEMENT ON GERMANY

1. SIGNIFICANCE LIES NOT IN POSITION TAKEN (WHICH WAS CLEARLY FORESHADOWED BY BULGANIN AND KHRUSHCHEV STATEMENTS AT SUMMIT, TO PEARSON IN CRIMEA, ETC.) BUT RATHER IN TRUCULENCE WITH WHICH STATED AND EMPHASIS ON COMMUNISM IN GERMANY WHICH IS SO OFFENSIVE TO ALL SHADES GERMAN OPINION INCLUDING SPD.

2. MOLOTOV TRIP TO MOSCOW AND JAUNTY COMMENTS ABOUT "NICE BAGGAGE" INDICATE POSSIBILITY THAT THIS REPRESENTS RETURN TO HARD STALINIST LINE AS ENUNCIATED MOLOTOV'S FEB. 8TH SPEECH. THE MINIMUM WOULD SEEM TO BE DECLARATION THAT "WHERE COMMUNISM IS, IT WILL REMAIN."

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3. COULD FORESHADOW INCREASING PRESSURE ON WEST BERLIN E. G. , COMMERCIAL AND CIVIL BLOCKADE BY DDR RESPECTING ONLY STRICT LETTER OF POTSDAM AGREEMENTS RE ALLIED MILITARY TRAFFIC. HARD TO SEE HOW COULD BE PLANNING LONG TERM DEVELOPMENT OF THE COMMUNIST EAST GERMANY WHILE STILL TOLERATING PRESENCE 3 MILLION FREE GERMANS IN CENTER.

4. REMOTER POSSIBILITIES: COULD BE ONLY CRUDE AND ABRUPT METHOD OF ENDING DISCUSSION AGENDA ITEM ONE IN ORDER TO SET STAGE FOR ^{CONC} DRAMATIC SESSIONS ON DISARMAMENT.

5. IN VIEW OF EMPHASIS ON "FLEXIBILITY" ON FOREIGN POLICY AS PART OF HUMILIATION OF MOLOTOV IN "KOMMUNIST", MIGHT BE LAST

INTRANSIGENT STATEMENT ON GERMANY TO MAKE

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FURTHER CONCESSIONS IN DIRECT NEGOTIATIONS
WITH BONN SEEM SO GENEROUS AS TO BE
IRRESISTIBLE.

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MOLOTOV AND GERMANY

- I. Bluntness of Molotov's 8 November statement latest reflection of immovable Soviet position on German reunification.
 - A. Basic Soviet view made clear at Summit by Bulganin--German unity at this time impossible except through rapprochement of two Germanies.
 - B. Reflects also Moscow's confidence that time on Soviet side.
- II. Molotov was not trying to torpedo conference.
 - A. Good indication of this--his frantic resistance to Western efforts on 9 November to close off debate on agenda item one and his hasty disclosure further items for discussion.
- III. His aim rather to convince West Germans and other West Europeans that Western proposals unworkable and outdated by events of last two years.

A. He hopes unequivocal rejection of Western plan may be followed by growing interest in compromise security plan based on divided Germany.

IV. Future Soviet conference tactics will be designed to divert attention from German stalemate.

A. Molotov probably will introduce new security proposals, ostensibly closer to those of West.

1. For example, on 9 November he revived Bulganin's Summit proposal for nonaggression treaty between NATO and Warsaw Pact powers. Also proposed to cut in half four-power forces in Germany.

B. He probably will put forward compromise proposals on disarmament and East-West contacts.

V. Moscow is confident its rejection of

Western proposals on Germany and European security will not jeopardize long-term effects of "spirit of Geneva" posture.

A. USSR anxious to maintain conference system, contacts with Western leaders. Will stress positive results of conference; probably will propose another meeting next year.

B. In meantime, Moscow prefers to maintain division of Germany from strategic viewpoint. Politically, it expects West German restiveness over failure to make progress toward unity will be focussed on Adenauer government and Western powers.

SHIFTING PATTERNS OF SOVIET FOREIGN POLICY

- I. Present world situation shows change of character in East-West conflict. This change due primarily three factors:
 - A. Growing number and power of nuclear weapons.
 - B. Growth of Western strength and unity in response to Communist military threat.
 - C. Shift in Communist tactic to accommodate (A) and (B).
- II. Change in Soviet external behavior has been extensive. However, activities of Soviet international networks of subversion and espionage continue at high level.
 - A. USSR has made no substantial concessions.
 - B. There is no evidence USSR has changed its basic objectives.

PHILIPPINES ELECTIONS

- I. Election results unlikely bring any significant change in Philippine political situation.
 - A. Magsaysay's supporters, apparently winning at least 6 and possibly 7 of 9 senate candidacies, did well.
 - B. But Recto will be back and, even though the latest count (0730) shows him in fifth place, will no doubt claim his re-election proves wide public approval his policies.
 - C. Actually, personalities far more important than policies in Philippine politics and votes for the veteran enfant terrible no proof of popularity his policies.
 - D. Coming months likely see a number of characteristic switches in party loyalties with Magsaysay's position at least as strong as before elections.

RETURN OF BEN YOUSSEF TO MOROCCO

- I. Reenthronement of Mohamed ben Youssef--
expected to occur before 18 November
anniversary of his enthronement in 1927--
opens new but probably no less tumultuous
chapter in French-Moroccan relations.
- II. Reenthronement is complete about-face for
France. As recently as 4 October Resident
General firmly declared that Ben Youssef's
return to Morocco was excluded; yet Faure
Cabinet recognized him as Sultan on
5 November.
 - A. In nationalist eyes, this reversal was
result of their maneuvers, manipulations
and pressure.
 - B. Settlers are disillusioned with Paris
policy; will strive to retain privileges
and position.

III. Ben Youssef--43 years old, intelligent, able--probably will attempt to maintain independent position with no ties or commitments to any faction.

A. Sultan's relations with dominant nationalist party, Istiqlal, now close, but likely to be strained when Istiqlal does not get the recognition and favors it expects as a reward for two years of pressure for his return.

ARAB-ISRAELI SITUATION

- I. Frontier--No significant hostilities on Israel's borders since the flameup on 2-3 November at El Auja.
 - A. De-facto cease-fire was broken by clash between small Egyptian and Israeli forces on 8 November near Eilat, Israel's port on the Bulf of Aqaba. This incident is the first fighting since 1949 in this area.
 1. It recalls implied threat by Nasr early this year, when he said Egypt would strike back at Israel elsewhere than the Gaza strip.
 2. Also recalls Ben Gurion's repeated assertions that Israel must clear the Egyptian blockade of Eilat, by force if necessary.

- B. Egypt still seems unready to retaliate on a large scale for Israeli raids. Israel has apparently halted its transport mobilization.
- C. Immediate crisis appears to have passed, Both sides continue to make bellicose propaganda.

II. Egyptian-Soviet Bloc Arms Deal--

- A. Egypt apparently completed its major and most urgent contracts with the bloc by 2 November, and is now negotiating on "supplementary" items. These negotiations now include Poland.
- B. One report [REDACTED] suggests some Egyptian army officers ⁵not completely happy with Soviet equipment, finding it a mixture of old and new. Some suspicion of Soviet good faith allegedly has been aroused.

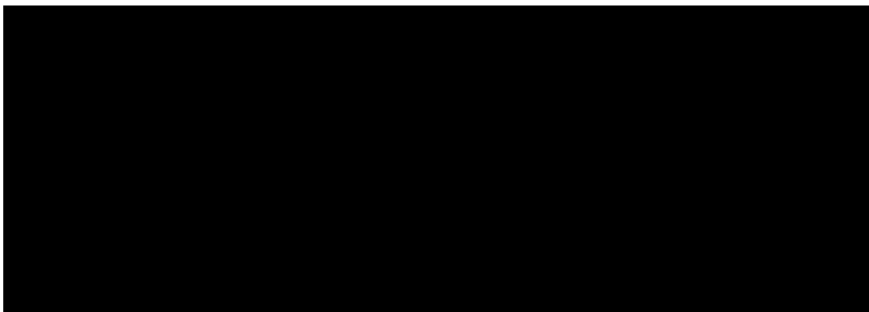
25X1C

C. A number of reports from Western Europe indicate that Egypt is not slackening its purchases of small arms there, and is even continuing to try to get some heavier equipment, such as tanks and marine diesel engines.

III. Israeli efforts to get arms-- [REDACTED]

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A. France will probably supply ~~20~~ ^{and 12 Ouragan} Mystere jet fighters in the near future.

B. In Italy Israel has begun negotiations for large quantities of arms including 40 F-51 aircraft, 50 Sherman tanks, 50 self-propelled M-7 guns, 500 jeeps and command cars as well as large quantities of bazookas and machine guns

C. Inside Israel the drive to collect funds for arms continues to meet with enthusiastic success.

1. The government, aiming at the equivalent of \$12.5 million by the close of 1955 reportedly has already collected about \$4 million.

BRITAIN AND CYPRUS

I. Britain is evidently studying new proposals regarding Cyprus, including one involving "Dominion Status".

A. The Dominion status idea apparently is attractive to Archbishop Makarios, who claims he is prepared to drop demands for immediate union with Greece.

B. Britain still shows no inclination to go beyond its best previous offer of internal self-government and indefinite postponement of self-determination.

1. Maintenance of law and order remains first priority.

2. Current Middle East developments enhance the importance of the Cyprus staging base.

C. "Dominion status" is an anachronistic term, but it implies a relationship which neither Britain nor the Cypriots are likely to desire.

1. Dominion status implies allegiance to the British crown, to which the Cypriots violently object.
 2. It implies complete independence and co-equal membership of the Commonwealth, for which Cyprus is unready, and which Britain could not grant in practice without abandoning its interests.
- D. What the British may be seeking is some ad hoc arrangement which will satisfy Makarios and his followers while retaining the substance of British control in defense, finance, and foreign relations matters.

PRESENT SOVIET POLICY IN EUROPE

- I. Soviet strategy is to hold fast and to promote erosion of Western position.
 - A. Primary Soviet objective at Summit was to counter US successes in Europe, such as:
 1. Functioning mutual defense system - NATO.
 2. Revitalized Germany allied to West.
- II. Stalin's heirs prepared to take certain steps.
 - A. Withdrawal from Austria.
 - B. Humiliating reconciliation with Tito.
 - C. Withdrawal from foreign military bases (Porkkala and Port Arthur).
 - D. Reduction of armed forces by 640,000.
 1. Appears military personnel to be released are from both officer and conscript categories in all three

E. Evident willingness to calm Far East
for the moment.

III. Soviet price for German unity is still
break-up of Western alliance.

A. Since the Summit--and culminating in
Molotov's 8 November blast at Geneva--
Communist leaders have made it perfect-
ly clear they intend to stand pat on
Germany.

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IV. First results of Soviet application of
Geneva spirit to Europe are evident:

A. Some faster erosion of NATO, both in
hard military strength and in sharp
questioning of very nature and future

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B. Growing pressure by US allies to accept

Communist China into family of nations.

C. Determination to reduce strategic trade controls.

ELECTION PROSPECTS IN FRANCE

- I. Prospects for December elections in France dimmed by Council of Republic amendment to bill dissolving Assembly:
 - A. Amendment calls for single-member constituencies.
 - B. Assembly had rejected similar proposals prior to 3 November debate.
 1. Debate in Assembly 9 November expected end in rejection Council proposal.
 - C. When Council gets bill back for second reading, period of 100 days begins during which bill can be shuttled back and forth every 7 days between both houses before Assembly's will prevails.
 1. President of Council has promised immediate action.

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D. Minister of Interior must have notice

by 17 November to hold elections by
18 December.

E. If single-member constituencies
adopted, mechanics of redistricting
would probably rule out December
elections.

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THE FAR EASTERN SITUATION

- I. Continuing indications of preparations for offensive operations in Laos and strengthening of Chinese Communists air bases and transport facilities opposite Formosa.
- II. At the same time, there are no indications that the Communists intend to launch major military operations so long as they can capitalize on negotiations and steady growth of neutralism.
 - A. Chinese Communists maintain their drive to extend negotiations with the US to a higher-level.
 - B. Hints are increasing of need for a Far Eastern conference along Summit lines.
 - C. Japan is being wooed more ardently.
 1. With Communist China, many visits by Japanese to China have built up great pressure for normalization

2. Trade has increased, and most

Japanese believe only China list controls stand in way of greater increase.

3. Private Sino-Jap fishing pact has benefited Jap fishermen and consumers.

4. USSR has offered to repatriate Jap war criminals (after peace treaty), support Jap entry into United Nations, and return Habomais and Shikotan if Japan will not militarize them.

5. North Korea has offered establish diplomatic relations and generally to support Japan in Tokyo's feud with South Korea.

6. Several satellites have recently proposed diplomatic relations with Japan. Most of them in last two months have made trade deals with

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D. Reports are mounting about a second

Afro-Asian conference with the USSR
as a possible participant.

E. The Communists continue to demand
observance of the Geneva agreement
terms on Indochina. They do not seem
ready to use force against Diem.

THE SOVIET COURTSHIP OF INDIA

I. In a major Communist effort aimed at the belt of needy nations stretching across South Asia--an area with more than 700 million people, about 30 percent of world population--India is the most desired and most immediate target.

A. ~~In terms of money~~, India is receiving lion's share of Soviet largess, ~~will~~ over \$100 million, on easy terms, low interest.

B. The steel mill deal seems ^{most} certain.

1. USSR extending credit for about \$95 million worth of equipment payable in either Indian currency or goods in 12 equal installments at 2½ percent.

2. High-level Czech delegation offered on 10 November to build ^{refuse} steel works

- C. Moscow also contracting with India to furnish technical aid and money to explore for oil, coal and diamonds and set up plants in return for share in output.
 - 1. Worth noting Bloc has no domestic source for diamonds which it needs badly.
- D. Bloc also negotiating with India on cement~~a~~ plant, dried milk plant, caustic soda plant, coking plant, zinc smelter, explosives plant, several power plants, and sugar mill.
- E. Bulganin-Khrushchev visit beginning 18 November widely expected to result in some dramatic offer, possibly aid on India's five-year plan.
- F. Soviet trade with India in 1954 double that in 1953 and still rising.

1. Indians have always been generally willing deal with Bloc, but only since beginning of 1954 have Soviet performances measured up to promises.
- G. Czechs with whom Indians are dickering for arms have presented Nehru with a twin-engine sports plane (Aero 45).
 1. Donor is one Podzimek who master-mined ^dGuatemalan arms deal.
^
- H. Soviet offers enable India and other soft currency nations to conserve scarce foreign exchange.
 1. Soviets build up credits in these currencies.

(In context of above, any change in Congress-approved \$50 million loan would cause sharp reaction in favor other sources aid).

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- I. Such credits in local currencies can be used as ^{war} chests by Soviets to finance any activity within country they might choose.

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SOVIET INTENTIONS AND FREE WORLD RECEPTIVITY

I. Soviet effort launched early last year.

Soviet leader told Asian diplomat in July 1954 that it would not be long before Soviet industry would be strong enough to contribute to the development of Asian countries.

A. Khrushchev reaffirmed this intention to same diplomat in April 1955.

II. Scope of future Soviet effort forecast in October 1955 by Soviet ambassador to Cairo.

"We will send economic missions, scientific missions, agricultural missions...and any other kind of mission you can imagine to help these countries."

A. ~~TOP SECRET~~ Moscow has ordered coordinated effort to seize major role in economic development in Near East and Asia.

B. For example, Communist China has

imported unwanted goods and exported scarce items. In their deal with Egypt, Peiping is exchanging 60,000 tons of sheet steel and wheat (which Peiping needs) for cotton (which it does not need).

III. A good number of target countries--have-not nations which are politically and economically adolescent--welcome the Communist approach, especially when other sources of external aid appear to be drying up.

A. As commercial or economic deals on their own, the Communist offers are generous and the terms are easy.

B. Some deals open markets for countries with unsalable surpluses. For example, Egyptian cotton.

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C. Deals with Communist nations are
politically attractive.

1. Governments can see no visible
strings. They are not asked for
political or military commitments.

SOVIET OFFENSIVE IN MIDDLE EAST

- I. Soviet action has shifted swiftly to the Middle East as the most dramatic phase of a campaign to penetrate underdeveloped countries all over the world.
 - A. Even as Moscow was smiling at West, the Communists were planning arms deals with the Arabs.
 - 1. First reports of Soviet offers uncovered this spring; to Syria in March; Egypt in May.
 - B. Immediate Soviet objectives are:
 - 1. To nullify Western-sponsored mutual defense structures - the northern tier.
 - 2. Encourage emergence of a neutralist bloc which can bargain with and seek blessing of, both East and West.

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C. Indirect benefit to Soviet aims and strengthening of Egypt stem from North African ferment.

1. Threatens French adherence to Western alliance.
2. Threatens status of US bases in the area.
3. Enhances appeal of neutralism, which the USSR supports.

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OTHER BLOC ECONOMIC EFFORTS

I. Egypt. Besides arms, Soviets are known to have offered goods and services on credit to help with Aswan dam.

A. A 17 October Cairo press names \$300 million figure. [REDACTED]

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[REDACTED] payable in 25-30 years at 2 percent in goods.

B. This figure is close to the \$275 million in foreign exchange or goods which Egypt would need.

II. Turkey. Bloc negotiations underway for construction of ceramics factory, cotton mill, three cotton thread mills.

A. Turkey asking Soviet aid on wheat mill, macaroni factory, and brick factory.

B. Over ten percent Turkey trade now with Bloc, an increase of 85 percent during first half 1955 over 1954.

III. Iran. Contracts signed for a sugar mill

(and another unidentified type of plant.)

IV. Syria. Cement plant under construction.

Negotiations and offers for boiler plant,
battery factory, hydroelectric station,
and sugar refinery to be built by Czechs.

A. Poles want to help in railroad construction under re-newed trade agreement.

B. Bulgaria offering to supply water turbine and generator.

1960
C. Five year trade agreement signed with Czechoslovakia. Said to call for technical aid as well as construction of cardboard mill, textile plant, sugar refinery, railroads, and perhaps a dam on the Euphrates.

May
D. In July Prague ordered its trade agents to undertake market survey, especially development projects such as:

1. Airports, Lattakia port, govern-

ment buildings, gasoline storage tanks, oil refinery, railways, and port installations.

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V. Lebanon. No construction yet underway but ^{works} Rumanian offers and negotiations for cement plant, glass plant, lumber mill, paper mill, and sugar mill are reported.

VI. Afghanistan. Foremost recipient of Bloc aid in terms of numbers of projects.

A. Projects contractef for or under discussion include asphalt and cement plant, bakery, briquette plant, cotton and flower mills, fruit cannery, gasoline pipeline, glass factory, grain storage warehouses, road construction, sulphur plant. Offers made for coal mining aid and water supply system.

B. As a result of Afghan-Pakistan controversy, work on roads leading to USSR

being stepped up. New port on Oxus

C. Afghans reportedly in Prague for pur-

pose of getting arms. \$3 million cash arms deal already apparently concluded with Czechs--deliveries reportedly taking place--total credits to date \$11.2 million dollars. Interest rate reported to be from $2\frac{1}{2}$ to 3 percent. Late reports state Czechs have given another credit of \$10 million and may offer a further \$5 million.

VII. Burma. No construction projects underway.

However, Burma actively seeking Bloc aid. Purchasing mission touring USSR. Burmese willing to accept Hungarian industrial million.

A. Rumanian mission to go to Burma this month; Rumanians to give sympathetic consideration to any Burmese request for petroleum and mining experts.

- B. Bloc already has toe hold in Burma as a result of large Chinese Communist rice purchases last year. Burmese attitude strongly influenced by fact Bloc only new market for surplus rice.
- C. Chinese offer to supply equipment for textile mill. Chinese Communist technicians now in Burma to survey type needed.

VIII. Indonesia. East Germans to build sugar factory - cost \$7 million. Payment in kind over six year period. 50 to 60 technicians to accompany equipment.

- A. Rumanians to construct cement mill, drill for oil and exploit minerals.
- B. Czechs to build radio factory, pharmaceutical plant, and agricultural machinery factory. Czechs to establish food research laboratory in Djakarta.
- C. Czechs supplying textile machinery.

Hungarians to construct hydroelectric

considerable success in its drive to expand diplomatic and commercial relations in Latin America.

- A. Hungary reportedly seeking to open a network of commercial agencies while Poland is seeking to expand trade with Brazil to \$25 million each way. Poland reportedly has made "unbelievably" favorable offers to Ecuador.
- B. Soviet activity in Argentina characterized by export drive in an effort to reduce Moscow's large swing balance. Latest reports state a Czech arms mission from SKODA and the ZBROVJKA Arms Factory left France on 10 October for Ecuador.
- C. Latin American trade with Bloc in 1954 increased by 400 percent over 1953.

X. Representatives of Czech Technical

Directorate have been touring Near East and Southeast Asia. This organization is concerned almost exclusively with the export of military arms and equipment.

A. It was the outfit in charge of supplying arms to Guatemala and is currently involved in the Egyptian arms deal.

B. To date these Czech arms merchants have visited India, Iraq, Burma, Egypt, and Afghanistan.

XI. ~~These Czech arms merchants presented Nehru with an Aero 45 airplane which he accepted on 1 October 1955, (twin-engined sports plane).~~

- IV. These Communist efforts in the free world are above and beyond their massive commitments to Communist China and satellites.
- A. USSR has extended credits worth \$430 million to Communist China.
 - B. Poland and East Germany have received \$700 million in credits.
 - 1. Large amounts are still outstanding on these credits.
 - C. These credits do not include a Soviet gift of \$100 million and a Chinese gift of \$340 million to North Korea.
 - D. Nor does any of this include military and economic aid from the USSR to China estimated at between \$500 million and \$1 billion.

PROJECTION OF SOVIET STRENGTH OUTWARD

- I. Current Soviet effort to intervene openly in world affairs based on confidence about internal strength and ability to take fast advantage of apparent chinks in Western armor.
 - A. Emphasis on Geneva spirit increases disenchantment with apparent Western emphasis on military security and reliance on nuclear weapons.
 - B. Among younger nations and under-developed countries, USSR can capitalize on anti-colonialism, both for its own effects and for its divisive effect on the Western allies.
 - C. Widespread hope for negotiated settlement wears away public support for Western resolve to maintain status quo.

II. Launching of intensive arms sales campaign

--using the Satellites as front men--is a means of penetrating--for obvious political motives--into areas which have so far resisted Soviet blandishments, even Latin America.

- A. As of 7 November, re-newed Czech attempts to sell arms to Ecuador seen by Ecuadoran official as an effort "to *do* as they did in Guatemala by selling arms and influencing officials."

NSC BRIEFING

10 November 1955

MORALE IN EAST GERMANY

- I. Popular discontent East German population compares in extent to period of 17 June 1953 when revolt took place.
- II. Due to effectiveness of Communist security apparatus, this discontent remains passive.
- III. Reasons for popular dissatisfaction are:
 - a. poor living conditions, i.e., food, clothing, housing;
 - b. political pressure -- absence of free speech -- danger from secret police;
 - c. pressures to increase labor productivity;
 - d. pressures on youth to join armed forces;
 - e. knowledge of prosperity in West Germany
- IV. Communist regime has clamped down on rail travel from E. Germany into Berlin through

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checks on ticket purchasers. Campaign began
on 24 October with resultant decrease in Berlin
refugee count --

16-22 October	4,952
23-29 October	3,839

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ARGENTINE SITUATION

I. Replacement of Argentine provisional president Lonardi by a "stronger" government is subject of persistent ~~W~~ rumors.

A. Names most frequently mentioned as possible replacements, either singularly or as a junta, are:

1. Rear Admiral Isaac Rojas, vice president.
2. Former Minister of the Army Gen. Leon Bengoa, who just resigned under pressure.
3. Gen. Felix Videla Balaguer, in charge of Cordoba Province.

B. All three were key figures in September revolt. All are considered friendly to the United States.

II. These rumors probably reflect tension and severe strain on unity from efforts of a predominantly military regime to undertake thoroughgoing reorganization of the administration.

A. Lonardi cabinet lacks organized

political support and has had to
formulate policy in midst of diverse
opinions and ambitions.

B. Although government denies Uruguayan
radio reports of Lonardi's resigna-
tion, it has admitted Lonardi^{and} top mil-
itary officials have been holding
series of meetings to stress need for
greater cohesion within regime.

C. According to press reports, however,
several cabinet resignations in addi-
tion to Bengoa's are expected--Foreign
Minister Mario Amadeo mentioned.

III. Controversy over need for stronger execu-
tive is reported to include concern over
the extent of purge of the armed forces,
profiteering in recent revision in exchange
rates, and renewed activity of Peronista
groups.

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- A. The arrest of 300 militant Peronistas
on 8 November and a government
communique ordering civilians to turn
in all arms suggest new uneasiness
within the regime.
- B. Increasing evidence that Peronistas
and Communists exploiting unsettled
situation.
- C. Further uncertainty stems from
Lonardi's ill health. His son says
he has high blood pressure and stomach
ulcers.

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PROPOSED EXPANSION OF
SOVIET DIPLOMATIC MISSIONS

I. SUDAN

On 20 October Sudanese Council of Ministers approved establishment of Soviet liaison office which will become normal diplomatic representation as soon as the Sudan has proclaimed its independence.

II. LIBYA

On 25 September Libyan foreign ministry statement announced decision to establish diplomatic relations with USSR at embassy level.

III. YEMEN

Article IV of the Soviet-Yemen friendship treaty of 31 October provides for establishment of diplomatic relations "subject to a special agreement to be concluded later."

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IV. SAUDI ARABIA

The Soviet ambassador in Tehran informally
proposed to Saudi ambassador there on 21
July that diplomatic relations be re-
established.

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SOVIET COMMERCIAL REPRESENTATION ABROAD
(as of 1 May '55)

<u>NEAR EAST</u>	<u>LATIN AMERICA</u>	<u>SOUTHEAST ASIA</u>
Afghanistan	Argentina	Burma
Egypt	Mexico	Indonesia
Ethiopia	Uruguay	Thailand
India		
Iran		
Israel		
Lebanon		
Pakistan		
Syria		
Turkey		

(Satellite representation, which is not available, is increasing especially in Near East and Latin America. This list does not take into account the numerous travelling bands of commercial agents.)

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10 November 1955

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT : Implications of Molotov's "Blast" at Geneva on German Unity

1. [We do not regard Molotov's blunt reiteration of the well-known Soviet stand on German reunification as inconsistent with the new Soviet "peaceful" line.] ^{while} ^{an assertion} Soviets ~~have long made it amply~~ ^{clear} that ~~though~~ they seek a reduction of tensions, it is not to be at the price of any change in the status quo in Germany, except on their own terms.

2. The sharpness of Molotov's statement of the Soviet position was probably due to two considerations: (a) He had been losing on points under the pressure of the Western ministers in previous sessions. It is the usual Soviet practice to strike back hard with bullying tactics. This must also be regarded by them as necessary to sustain the position of the GDR; (b) One of the principal Soviet aims at this time is to demonstrate to the West Germans that Four-Power negotiations are not the road to unity. The USSR hopes that a hard line will drive home to the West Germans that there is no effective "position of strength" in their association with NATO. This is calculated to slow West

German rearmament and ultimately to make the West Germans ripe for direct dealings with the Soviets and the GDR.

3. There is thus far no sign in the working level meetings that the USSR will prove any more conciliatory on the other agenda items than it has on Germany. Nevertheless, we still believe that the Soviets probably do not wish to have the meeting end in complete frustration. In order to make some pretense of keeping the spirit of Geneva alive, they may therefore make some marginal concessions to Western views on disarmament and on East-West contacts. These would almost certainly be more apparent than real, however.

4. We do not believe that Molotov's position on the German issue would be repudiated by his colleagues in Moscow, nor that his behavior at the conference is in any way related to possible weakness of his position at home. Molotov is almost certainly in tune with his colleagues on this issue; it was Krushchev himself who recently told Lester Pearson that the Soviets would rather have two-thirds of Germany against them than the whole of it. Molotov may be retired after Geneva if it suits Soviet purpose to use him as a scapegoat, but it almost certainly will not be because of his stand on Germany. The fact that Molotov made his November 8th speech just after he returned from Moscow shows that he must have cleared it with the Presidium.

STATINTL

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